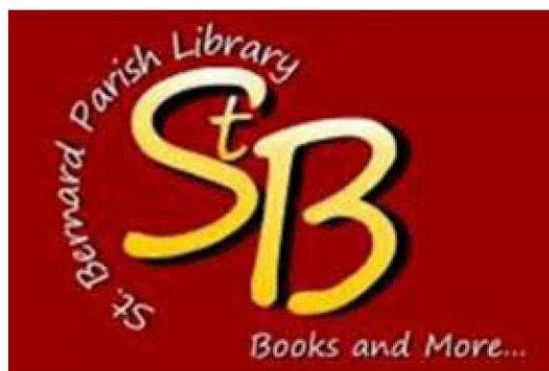


Financial Report

St. Bernard Parish Library

December 31, 2014



Financial Report

St. Bernard Parish Library

December 31, 2014

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Control,
St. Bernard Parish Library,
Chalmette, Louisiana.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of the St. Bernard Parish Library (the "Library"), as of and for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of St. Bernard Parish Library as of December 31, 2014, and the respective changes in financial position and changes in assets and liabilities for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, and the required supplementary information on pages 33 through 34, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operations, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 35 as required by Louisiana Revised statute 24:513(A)(3) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 15, 2015, on our consideration of the St. Bernard Parish Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Library's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
June 15, 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

St. Bernard Parish Library
Chalmette, Louisiana

December 31, 2014

The Management's Discussion and Analysis ("MD&A") of the St. Bernard Parish Library's (the "Library's") financial performance presents a narrative overview and analysis of the Library's financial activities for the year ended December 31, 2014. It identifies changes in the Library's overall financial position and results of operations and assists the user in determining whether the financial position has improved or deteriorated as a result of the year's operations. It also identifies any significant variations from the original budget amounts and includes any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and identifies individual issues or concerns. The MD&A focuses on the current year's activities, resulting changes, and currently known facts.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of the MD&A should read and evaluate all sections of this report, including the notes to financial statements and required supplemental information section ("RSI") that are provided in addition to this MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Library's basic financial statements. The Library's financial report consists of four parts: (1) MD&A (this section), (2) basic financial statements, (3) required supplementary information and (4) special reports by certified public accountants and management.

The basic financial statements include two kinds of statements that present different views of the Library:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private sector business. Under this format, all governmental activities are consolidated into columns which add to a total for the governmental entity. For the Library, only governmental activities are included in the presentation. Accordingly, there is no "totals" column in the presentation.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements (Continued)

- a. The Statement of Net Position presents information on all of the Library's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as the net position. Over time, increases or decreases in the net position (and changes in the components of net position) may serve as a useful indicator of whether the financial position of the Library is improving or weakening.
- b. The Statement of Activities presents information showing how the Library's net position changed during the years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function (salaries and benefits, office expenses, insurance, supplies, other expenses, and depreciation) reduced by the Program Revenues (charges for services and grants) directly related to the program to determine net program expenses and general revenues (ad valorem taxes and other revenue).

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources which have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Library uses one category of funds to account for financial transactions - governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

The Library maintains one individual governmental fund (the "General Fund"). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The Library adopts an annual appropriated budget for its General Fund. A budgetary comparison statement, page 33, and the note to budgetary reporting have been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 12 through 17 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 18 of this report.

FINANCIAL HIGHLIGHTS

The financial statements provide details of the current year operations summarized as follows:

- Net position of governmental activities increased by \$1,907,648.
- During the year, the Library had expenses of \$1,482,161 and \$3,389,809 generated in fees and other revenues.
- Total revenues increased by \$1,596,413 or approximately 89% from the prior year.
- Salaries and benefits increased by \$19,238 or approximately 5% from the prior year.
- Total expenses increased by \$695,389 or approximately 88% from the prior year.

Statement of Net Position and Statement of Activities

Presented below are a condensed Statements of Net Position and Statements of Activities for the Library. The condensed format allows the reader to view the overall financial position of the Library. Explanations of the components of the statements are included immediately following the statements.

FINANCIAL HIGHLIGHTS (Continued)**Statement of Net Position and Statement of Activities (Continued)****Condensed Statements of Net Position**

	<u>Total Governmental Activities</u>		Increase (Decrease)	Percentage Change
	<u>2014</u>	<u>2013</u>		
Cash and other current assets	\$ 12,529,205	\$ 13,132,750	\$ (603,545)	-4.60%
Long term receivables	485,273	485,273	-	0.00%
Capital assets, net	<u>5,072,566</u>	<u>2,561,373</u>	<u>2,511,193</u>	98.04%
Total assets	<u>\$ 18,087,044</u>	<u>\$ 16,179,396</u>	<u>\$ 1,907,648</u>	11.79%
Current liabilities	<u>\$ 8,151</u>	<u>\$ 8,151</u>	<u>\$ -</u>	0.00%
Net position:				
Investment in capital assets, net of related debt	5,072,566	2,561,373	2,511,193	98.04%
Unrestricted	<u>13,006,327</u>	<u>13,609,872</u>	<u>(603,545)</u>	-4.43%
Total net position	<u>\$ 18,078,893</u>	<u>\$ 16,171,245</u>	<u>\$ 1,907,648</u>	11.80%

Condensed Statements of Activities

	Total Governmental Activities			
	Year Ended December 31,		Increase	Percentage
	2014	2013	(Decrease)	Change
Program revenues:				
Charges for services	\$ 17,355	\$ 15,616	\$ 1,739	11.14%
Disaster grant income	2,116,100	628,901	1,487,199	236.48%
Operating grants and contributions	<u>5,290</u>	<u>2,523</u>	<u>2,767</u>	109.67%
Total program revenues	<u>2,138,745</u>	<u>647,040</u>	<u>1,491,705</u>	230.54%
General revenues:				
Ad valorem revenues	1,176,053	1,093,043	83,010	7.59%
Interest income	43,828	43,170	658	1.52%
State revenue sharing	21,875	8,782	13,093	149.09%
State aid revenue	8,553	-	8,553	100.00%
Miscellaneous income	<u>755</u>	<u>1,361</u>	<u>(606)</u>	-44.53%
Total general revenues	<u>1,251,064</u>	<u>1,146,356</u>	<u>104,708</u>	9.13%
Total revenues	<u>3,389,809</u>	<u>1,793,396</u>	<u>1,596,413</u>	89.02%
Program expenses:				
Salaries	272,505	247,254	25,251	10.21%
Employee benefits and payroll taxes	104,355	110,368	(6,013)	-5.45%
Other library expenses	95,492	101,860	(6,368)	-6.25%
Depreciation	<u>1,009,809</u>	<u>327,290</u>	<u>682,519</u>	208.54%
Total program expenses	<u>1,482,161</u>	<u>786,772</u>	<u>695,389</u>	88.39%
Change in net position	\$ 1,907,648	\$ 1,006,624	\$ 901,024	89.51%

FINANCIAL HIGHLIGHTS (Continued)

Statement of Net Position and Statement of Activities (Continued)

The Library's net position increased by \$1,907,648 as a result of this year's operations. The overall financial position improved significantly for the third straight year. The balance in net position represents the accumulated results of all past years' operations. The Library's total revenues for the year were \$3,389,809 (\$2,138,745 in program revenues, \$1,251,064 in general revenues).

Financial Analysis of Governmental Funds

The Library maintains only one "governmental fund" - the General Fund. The General Fund Balance Sheet is on Page 14 of this report and the Statement of Revenues, Expenditures, and Changes in Fund Balance are on page 16 of this report.

Under the modified-accrual basis for fund financial statements, the emphasis is on accounting for current financial resources of the Library. The analysis in this section includes a discussion of the General Fund financial statements.

As of December 31, 2014, the General Fund reported total fund balance of \$11,138,413, a decrease of \$2,219,281 from the prior year total fund balance. This decrease is due to expenditures of \$3,993,354 exceeding revenues of \$1,774,073. Expenditures exceed revenues as the Library has expended amounts in capital outlay related to FEMA funding which have not yet been reimbursed.

FINANCIAL HIGHLIGHTS (Continued)**Analysis of the General Fund Budget**

The budget for the General Fund was as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues:				
Ad valorem taxes	\$ 1,000,000	\$ 1,000,000	\$ -	0.00%
FEMA	4,000,000	4,000,000	-	0.00%
Interest income	15,000	15,000	-	0.00%
State revenue sharing	<u>3,000</u>	<u>3,000</u>	<u>-</u>	0.00%
Total revenues	<u>5,018,000</u>	<u>5,018,000</u>	<u>-</u>	0.00%
Expenditures:				
Personnel expenses	435,000	435,000	-	0.00%
Operating expenses	225,000	225,000	-	0.00%
Capital outlay	<u>4,358,000</u>	<u>4,358,000</u>	<u>-</u>	0.00%
Total expenditures	<u>5,018,000</u>	<u>5,018,000</u>	<u>-</u>	0.00%
Excess (deficiency) of revenue over expenditures	-	-	-	0.00%
Fund Balance				
Beginning fund balance	<u>13,357,694</u>	<u>13,357,694</u>	<u>-</u>	0.00%
Ending fund balance	<u>\$ 13,357,694</u>	<u>\$ 13,357,694</u>	<u>\$ -</u>	0.00%

When the budget for the year ended December 31, 2014 was originally prepared, revenues and expenditures were reflected in a conservative manner. There was no amendment made to the December 31, 2014 budget.

Capital Assets

The capital assets of the Library consist of land, buildings and improvements, furniture and equipment, and library collections. There was \$3,521,002 of additions to capital assets as of the year ended December 31, 2014, from the purchase of library collections, computer equipment, furniture, and fixtures. Depreciation expense for the year ended December 31, 2014 totaled \$1,009,809. A summary of activity for capital assets is presented in the notes to the financial statements in Note 5.

FINANCIAL HIGHLIGHTS (Continued)**Capital Assets (Continued)**

Beginning balance	\$ 3,583,342
Additions	3,521,002
Less disposals	(21,887)
Less accumulated depreciation	<u>(2,009,891)</u>
Ending balance	<u>\$ 5,072,566</u>

Long-Term Debt

The Library is not allowed to incur long-term indebtedness for bonds or notes payable. As of December 31, 2014, the Library had no long-term debt outstanding.

Economic Factors and Next Year's Budget

The Library must consider many variables when budgeting for the coming fiscal year. Included in these factors are changing laws and regulations, economic circumstances, and historical trends. These indicators are as follows:

A summary of the current budget for the year ending December 31, 2015 follows:

Condensed Budget

Revenue	<u>\$ 1,025,000</u>
Expenditures:	
Operations	230,000
Personnel expenses	445,000
Capital outlay	<u>350,000</u>
	<u>1,025,000</u>
Excess of revenues over expenditures	<u>\$ -</u>

FINANCIAL HIGHLIGHTS (Continued)

Economic Factors and Next Year's Budget (Continued)

The Library's two major sources of funding are ad valorem tax revenue and grants. For the year ending December 31, 2015, it is anticipated that ad valorem tax revenues will remain consistent with the year ended December 31, 2014. FEMA grant revenue is expected to fluctuate based on expenditures incurred which will be submitted for reimbursement. Capital outlay expenditures show a large decrease over the year ended December 31, 2014 budget as the Library approaches the maximum available FEMA disaster grant revenue.

The Library has budgeted salaries with moderate increases for staff raises and has increased disaster grant revenue in anticipation of collecting reimbursement of expenditures submitted for approval.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the St. Bernard Parish Library's finances for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, St. Bernard Parish Library, 2600 Palmisano Boulevard, Chalmette, Louisiana 70043-3666; phone number (504) 279-0448.

STATEMENT OF NET POSITION**St. Bernard Parish Library**
Chalmette, Louisiana

December 31, 2014

Assets

Cash and cash equivalents	\$ 8,274,536
Ad valorem taxes receivable, net	1,144,913
Federal grants receivable	3,109,756
Due from St. Bernard Parish	485,273
Capital assets, net of accumulated depreciation	<u>5,072,566</u>
Total assets	<u>\$ 18,087,044</u>

Liabilities

Vacation accrual	<u>\$ 8,151</u>
------------------	-----------------

Net Position

Net investment in capital assets	5,072,566
Unrestricted	<u>13,006,327</u>
Total net position	<u>18,078,893</u>
Total liabilities and net position	<u>\$ 18,087,044</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES**St. Bernard Parish Library**

Chalmette, Louisiana

For the year ended December 31, 2014

Governmental Activities:

Expenses:

General government:

Depreciation	\$ 1,009,809
Salaries and wages	272,505
Employee benefits and payroll taxes	104,355
Office expenses	32,977
Computer software licenses and maintenance	23,749
Other expenses	16,221
Library supplies	9,138
Insurance	8,170
Grant supplies	3,951
Auto and travel	1,286

Total expenses	<u>1,482,161</u>
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Program revenues:

FEMA grant revenue	2,116,100
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Charges for services:

Library fees	17,355
--------------	--------

Operating grants and contributions	<u>5,290</u>
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Total program revenues	<u>2,138,745</u>
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Net program revenues	<u>656,584</u>
----------------------	----------------

General revenues:

Ad valorem taxes	1,176,053
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Interest income	43,828
-----------------	--------

State aid revenue	21,875
-------------------	--------

State revenue sharing	8,553
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Miscellaneous revenue	<u>755</u>
-----------------------	------------

Total general revenues	<u>1,251,064</u>
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Change in net position	1,907,648
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Net Position

Beginning of year	<u>16,171,245</u>
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End of year	<u>\$ 18,078,893</u>
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See notes to financial statements.

BALANCE SHEET - GOVERNMENTAL FUND**St. Bernard Parish Library**

Chalmette, Louisiana

December 31, 2014

ASSETS

Cash	\$ 8,274,536
Ad valorem taxes receivable, net	1,144,913
Federal grant receivable	3,109,756
Due from St. Bernard Parish	<u>485,273</u>
Total assets	<u>\$ 13,014,478</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Vacation accrual	\$ 8,151
Deferred revenue	<u>1,867,914</u>
Total liabilities	<u>1,876,065</u>
Fund balance:	
Committed for capital outlay	6,200,000
Unassigned	<u>4,938,413</u>
Total fund balance	<u>11,138,413</u>
Total liabilities and fund balance	<u>\$ 13,014,478</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

St. Bernard Parish Library

Chalmette, Louisiana

December 31, 2014

Fund balance - governmental fund	<u>\$ 11,138,413</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds	
Governmental capital assets	7,082,457
Less: accumulated depreciation	<u>(2,009,891)</u>
	<u>5,072,566</u>
Certain governmental revenues will be collected after year-end, and are not available soon enough to pay for the current period expenditures and, therefore, are deferred in the governmental funds	
	<u>1,867,914</u>
Net position of governmental activities	<u>\$ 18,078,893</u>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND**

St. Bernard Parish Library
Chalmette, Louisiana

For the year ended December 31, 2014

Revenues

Ad valorem taxes	\$ 1,176,053
FEMA grant revenue	500,364
Interest income	43,828
State aid revenue	21,875
Library fees	17,355
State revenue sharing	8,553
Public grant revenue	5,290
Miscellaneous revenue	<u>755</u>
Total revenues	<u>1,774,073</u>

Expenditures

General government:	
Personnel services	376,860
Operating services	95,492
Capital outlay	<u>3,521,002</u>
Total expenditures	<u>3,993,354</u>

Excess of Expenditures Over Revenues	(2,219,281)
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Fund Balance

Beginning of year	<u>13,357,694</u>
End of year	<u>\$ 11,138,413</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**

St. Bernard Parish Library
Chalmette, Louisiana

For the year ended December 31, 2014

Excess of expenditures over revenues - governmental fund	<u>\$ (2,219,281)</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	3,521,002
Depreciation	<u>(1,009,809)</u>
	<u>2,511,193</u>
Certain governmental revenues will not be collected for several months after year-end and are deferred in governmental funds	
	<u>1,867,914</u>
Certain governmental revenues deferred in governmental funds in prior years have been recognized in the current year	
	<u>(252,178)</u>
Change in net position of governmental activities	<u>\$ 1,907,648</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**St. Bernard Parish Library**

Chalmette, Louisiana

December 31, 2014

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Bernard Parish Library (the "Library") was established by the parish governing authority, under the provisions of the Louisiana Revised Statute ("LRS") 25:211. The Library provides citizens of St. Bernard Parish access to library materials, books, magazines, and audio visuals. The Library is governed by a Board of Control consisting of seven members in accordance with the provisions of the Louisiana Revised Statute 25:214. The Library is located in Chalmette, Louisiana.

The accounting policies of the St. Bernard Parish Library (the "Library") conform to accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a. Reporting Entity

The Library has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

The GASB established criteria for determining which component units should be considered part of the St. Bernard Parish Council ("Parish Council") for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Parish Council to impose its will on that organization and/or,

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

- b. The potential for the Library to provide specific financial benefits to or impose specific financial burdens on the Parish Council and/or,
- c. Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council and/or,
- d. Organizations for which the reporting entity financial statements would be misleading if data of the Library is not included because of the nature or significance of the relationship.

The Library is considered a component unit of the St. Bernard Parish Government ("Parish Government ") based on the criteria above. Based on the criteria above, the Library has no component units.

The accompanying financial statements present information only on the funds maintained by the Library and do not present information on the Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

b. Basis of Presentation

The accompanying financial statements of the Library have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the Library. The government-wide presentation focuses primarily on the sustainability of the Library as an entity and the change in aggregate financial position resulting from the activities for the fiscal period. Governmental activities generally are financed through fees, intergovernmental revenues, and other non-exchange revenues.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Presentation (Continued)

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is now on the major funds. The daily accounts and operations of the Library continue to be organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of the Library:

General Fund

The General Fund is the primary operating and sole fund of the Library and accounts for and reports the operations of the Library's office. The focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position rather than upon net income. The various fees and charges due to the Library's office and ad valorem tax revenue are accounted for in this fund. General operating expenditures are paid from this fund. The General Fund is always considered a major fund.

c. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Library.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

Government-wide Financial Statements (Continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from general revenues.

Fund Financial Statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Revenues

Ad valorem taxes are recorded in the year the taxes are assessed; thus, the property taxes which are being levied to finance the current year budget are recognized as revenue in the current year. The taxes are generally collected in December of the current year and January through February of the ensuing year. State revenue sharing is an arrangement whereby local governments are reimbursed by the State for ad valorem taxes not billed due to the homestead exemption. The Library received \$8,553 from state revenue sharing for the year ended December 31, 2014.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

Revenues (Continued)

Grant revenue is recorded on the government-wide financial statements when the Library is entitled to the funds. Grant revenue is recorded on the fund financial statements when the Library is entitled to the funds and when they are considered available. Revenues from fees and other services are recognized when they become measurable and available (i.e. when the service is performed). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Miscellaneous revenues are recorded as revenues when received in cash by the Library because they are generally not measurable until actually received.

Interest income on cash balances is recorded when the income is available.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

d. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Operating Budgetary Data

The Library adopted a budget for its General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings of the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Library Board of Control. The Library did not amend its budget during 2014. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

f. Cash and Cash Equivalents

Cash includes amounts in interest-bearing demand deposits and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Library may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Highly liquid debt instruments with original maturities of 90 days or less are classified as cash equivalents.

g. Investments

Under state law, the Library may invest in United States bonds, treasury notes or certificates.

h. Receivables

The Library uses the allowance method to account for uncollectible receivables. The allowance for uncollectible accounts is based on prior years experience and management's analysis of possible bad debts. Bad debt recoveries are charged against the allowance account as realized. The allowance for uncollectible accounts balance as of December 31, 2014 totaled \$46,753.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets and Depreciation

The accounting treatment over property and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

All capital assets of the Library are recorded at historical cost and are reported in the government-wide financial statements. Depreciation of all exhaustible fixed assets is charged as an expense against their operations.

In the fund financial statements capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Government-wide Financial Statements:

In the government-wide financial statements, property and equipment are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$250 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their fair value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Estimated Lives</u>
Buildings and improvements	30 years
Furniture and equipment	5-7 years
Library collections	5 years

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets and Depreciation (Continued)

Fund Financial Statements

In the fund financial statements, the cost of capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

j. Compensated Absences

All full-time employees of the Library earn vacation and sick leave at varying rates depending on years of service. Vacation and sick leave can be accumulated without limitation. Upon termination or retirement, unused vacation leave of up to 20 days is paid to employees at their current rate of pay. Vacation and sick leave are considered to be due within one year of the end of the fiscal year.

k. Fund Equity

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Assets** - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Position** - This component of net position reports net position that does not meet the definition of "invested in capital assets" or "restricted net assets".

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2014, and for the year then ended, the Library did not have or receive restricted resources classified as restricted net position.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fund Equity (Continued)

Fund Financial Statements

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. There was no nonspendable equity as of December 31, 2014.

Restricted - amounts that can be spent only for a specific purpose because of the constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments. There was no restricted equity as of December 31, 2014.

Committed - amounts that can be used only for specific purposes determined by a formal decision of the Library. There was \$6,200,000 committed for capital outlay as of December 31, 2014.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for a specific purposes. There was no assigned equity as of December 31, 2014.

Unassigned - all amounts not included in other spendable classifications. The Library has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.

l. Stabilization Arrangements

The Library has formally set aside amounts for use in emergency situations or to offset anticipated revenue shortfalls should they occur. The stabilization arrangement was authorized through formal resolution of the Library Board of Control. The stabilization balance as of December 31, 2014 was \$2,300,000 and was included in the unassigned fund balance.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. New Pronouncements

During the year ended December 31, 2014, the Library implemented the following GASB statements:

Statement No. 66, *"Technical Corrections - 2012"*. This statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This statement did not affect the Library's financial statements.

Statement No. 69, *"Government Combinations and Disposals of Government Operations"*. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The statement will be effective for periods beginning after December 31, 2013. Management has not yet determined the effect of this statement on the financial statements.

Statement No. 70, *"Accounting and Financial Reporting for Nonexchange Financial Guarantees"*. The objective of this statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The statement will be effective for periods beginning after June 15, 2013. Management has not yet determined the effect of this statement on the financial statements.

n. Subsequent Events

The Library evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 15, 2015, which is the date the financial statements were available to be issued.

Note 2 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-2) commercial paper of domestic corporations.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Bank Deposits

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

A summary of cash and cash equivalents as of December 31, 2014 is presented below. As of December 31, 2014, the carrying amount of the Library's cash and cash equivalents totaled \$4,854,944, investments in certificates of deposit totaled \$3,419,592, and the bank balances totaled \$8,559,950. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

	<u>Cash and Cash Equivalents</u>
Reported amounts	<u>\$ 8,274,536</u>
Custodial credit risk:	
Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name	<u>\$ 5,030,814</u>
Total bank balances	<u>\$ 8,559,950</u>

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library has a written policy for custodial credit risk. As of December 31, 2014, \$5,030,814 of the Library's bank balance of \$8,559,950 was exposed to custodial credit risk. The deposits were uninsured and collateralized with securities held by the pledging institution's trust department or agent in the Library's name.

As of December 31, 2014, cash and cash equivalents were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Library. The GASB considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, L.R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1st on the assessed value listed as of the prior January 1st for all real property, merchandise, and movable property located in St. Bernard Parish. Assessed values are established by the St. Bernard Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The tax rate for the year ended December 31, 2014 was \$3.70 per \$1,000 of assessed valuation of property within St. Bernard Parish. Taxes are due and payable on November 15th of each year and become delinquent on December 31st with interest being charged on payments after January 1st. Taxes are collected by the St. Bernard Parish Sheriff's Office who remits the dedicated millage to the Library.

Note 4 - RECEIVABLES

The receivables as of December 31, 2014 are as follows:

Ad valorem receivable	\$ 1,191,666
Less: allowance for uncollectible accounts	<u>(46,753)</u>
	<u>\$ 1,144,913</u>

Receivable balances past due in excess of 90 days as of December 31, 2014 totaled \$46,753.

Note 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance December 31, 2013	Additions	Deletions	Balance December 31, 2014
Capital assets not being depreciated:				
Land	\$ 1,084,398	\$ -	\$ -	\$ 1,084,398
Capital assets being depreciated:				
Building	\$ 262,910	\$ -	\$ -	\$ 262,910
Furniture and equipment	1,296,077	281,905	-	1,577,982
Library collections	939,957	3,239,097	(21,887)	4,157,167
Total capital assets being depreciated	2,498,944	3,521,002	(21,887)	5,998,059
Less accumulated depreciation	(1,021,969)	(1,009,809)	21,887	(2,009,891)
Total capital assets being depreciated, net	1,476,975	2,511,193	-	3,988,168
Total capital assets, net	\$ 2,561,373	\$ 2,511,193	\$ -	\$ 5,072,566

Depreciation expense of \$1,009,809 was charged to operations for the year ended December 31, 2014.

Note 6 - DUE FROM LOCAL GOVERNMENT

The Library has an amount receivable from the St. Bernard Parish Government (the "Parish") related primarily to insurance recoveries that were received by the Parish as a result of casualty losses resulting from Hurricane Katrina. As of December 31, 2014, amounts due from St. Bernard Parish Government totaled \$485,273.

Note 7 - RETIREMENT PLANS

Plan Description. Substantially all employees of the St. Bernard Parish Library are members of the Parochial Employees' Retirement System of Louisiana (the "Plan"), a cost-sharing and multiple-employer defined benefit pension plan administered by a separate board of trustees. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. The Plan was established by the Louisiana Legislature as of January 1, 1953 by Act 205 of 1952. The Plan is administered by a Board of Trustees consisting of seven members. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to P. O. Box 14619, Baton Rouge, LA 70898-4619, or by calling (225) 928-1361.

All permanent Library employees who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and social security criteria have up to 90 days from the date of hire to elect to participate.

The retirement benefit is generally 1% of the member's final compensation plus \$2 per month for each year of service credited prior to January 1, 1980, and 3% of final average compensation for each year of service after that date. Final average compensation is defined as the employee's average salary over the 36 consecutive or joined months which produce the highest average.

Employee contributions are established by state statute at 9.5% of their annual covered salary. Employer contributions are established by state statute and are required to contribute at an actuarially determined rate. The employer contribution rate for the year ended December 31, 2014 was 16% of annual covered payroll. The Library's contributions to the Plan for the year ended December 31, 2014 was \$25,496.

The schedule of actuarially required contributions and percentages contributed for the years ended December 31, 2012 through 2014 is noted below.

Schedule of Employer Contributions

<u>Year Ended December 31,</u>	<u>Actuarial Required Contribution</u>	<u>Percentage Contributed</u>
2012	\$32,699	94%
2013	\$28,030	100%
2014	\$19,894	100%

Note 8 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to general liability, auto liability, workers' compensation, unemployment compensation, property, and group health benefits. The Library participates in St. Bernard Parish Government's risk management internal service funds for general liability and workers' compensation. The Library's premiums for general liability are based on various factors such as operations and maintenance budget, exposure, and claims experience. The premiums for worker's compensation are based on a fixed percentage of the payroll. The Library does not have additional exposure unless the claims exceed the parish's insurance contracts. The Library carries commercial insurance for exposure to other risks of loss. No settlements were made during the year that exceeded the Library's insurance coverage.

Note 9 - EXPENDITURES NOT INCLUDED IN THE ACCOMPANYING FINANCIAL STATEMENTS

The accompanying financial statements do not include certain expenditures related to the use of facilities and other operations of the Library's office paid out of funds of the St. Bernard Parish Government.

Note 10 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to the Library Board of Control for the year ended December 31, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**

St. Bernard Parish Library

Chalmette, Louisiana

For the year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Ad valorem taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,176,053	\$ 176,053
FEMA grant revenue	4,000,000	4,000,000	500,364	(3,499,636) *
Interest income	15,000	15,000	43,828	28,828
State aid revenue	-	-	21,875	21,875
Charges for services	-	-	17,355	17,355
State revenue sharing	3,000	3,000	8,553	5,553
Public grant revenue	-	-	5,290	5,290
Miscellaneous revenue	-	-	755	755
Total revenues	<u>5,018,000</u>	<u>5,018,000</u>	<u>1,774,073</u>	<u>(3,243,927)</u>
Expenditures:				
Personnel services	435,000	435,000	376,860	58,140
Operating services	225,000	225,000	95,492	129,508
Capital outlay	<u>4,358,000</u>	<u>4,358,000</u>	<u>3,521,002</u>	<u>836,998</u>
Total expenditures	<u>5,018,000</u>	<u>5,018,000</u>	<u>3,993,354</u>	<u>1,024,646</u>
Excess of expenditures over revenues	-	-	(2,219,281)	(2,219,281)
Fund Balance				
Beginning of year	<u>13,357,694</u>	<u>13,357,694</u>	<u>13,357,694</u>	<u>-</u>
End of year	<u>\$ 13,357,694</u>	<u>\$ 13,357,694</u>	<u>\$ 11,138,413</u>	<u>\$ (2,219,281)</u>

*FEMA grant revenue budgeted at \$4,000,000 to balance budget. The timing of revenue is dependent upon the submission of expenditures for approval.

See note to required supplementary information - budgetary reporting.

**NOTE TO REQUIRED SUPPLEMENTARY
INFORMATION - BUDGETARY REPORTING**

St. Bernard Parish Library
Chalmette, Louisiana

For the year ended December 31, 2014

The Library adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

Budgetary Information

The Library legally adopted a budget for its General Fund for the year ended December 31, 2014 on October 21, 2013. The budget was made available for public inspection at the Library's office on September 20, 2013. The proposed budget was prepared on the modified accrual basis of accounting, and was published in the official journal on September 20, 2013. The budget hearing was held at the Library's office on October 21, 2013. The budget for the year ended December 31, 2014 was not amended. All appropriations lapse at year end.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United State of America.

**SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD**

St. Bernard Parish Library
Chalmette, Louisiana

For the year ended December 31, 2014

Agency Head Name: Ethel B. Llamas, Director

Purpose

Salary	\$ 73,216
Benefits - insurance	5,343
Benefits - retirement	11,715
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	869
Registration fees	310
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	<u>\$ 91,453</u>

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Control,
St. Bernard Parish Library,
Chalmette, Louisiana.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major funds of the St. Bernard Parish Library (the "Library"), a component unit of St. Bernard Parish Government, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 15, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Library's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Bougeois Bennett, L.L.C." in a cursive script.

Certified Public Accountants.

New Orleans, Louisiana,
June 15, 2015.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Control,
St. Bernard Parish Library,
Chalmette, Louisiana.

Report on Compliance for Each Major Federal Program

We have audited St. Bernard Parish Library, a component unit of St. Bernard Parish Government, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement that could have a direct and material effect on each of St. Bernard Parish Library's major federal programs for the year ended December 31, 2014. St. Bernard Parish Library's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of St. Bernard Parish Library's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. Bernard Parish Library's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of St. Bernard Parish Library's compliance.

Opinion on Each Major Federal Program

In our opinion, St. Bernard Parish Library complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of St. Bernard Parish Library is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered St. Bernard Parish Library's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of St. Bernard Parish Library's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants.

New Orleans, Louisiana,
June 15, 2015.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

St. Bernard Parish Library Chalmette, Louisiana

For the year ended December 31, 2014

<u>Federal Grantor / Pass-Through Agency / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
United States Department of Homeland Security:			
<u>Pass-through Programs From:</u>			
<u>Louisiana Military Office of Homeland Security</u>			
Security Department and Emergency			
Preparedness - Disaster Grants -			
Public Assistance Grant			
Hurricane Katrina	97.036	FEMA-1603-PA-LA	<u>\$ 2,116,100</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

St. Bernard Parish Library
Chalmette, Louisiana

For the year ended December 31, 2014

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of St. Bernard Parish Library (the "Library"). The Library's reporting entity is defined in Note 1 to the financial statements for the year ended December 31, 2014. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies.

b. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Library's financial statements for the year ended December 31, 2014.

c. Payments to Subrecipients

There were no payments to subrecipients for the year ended December 31, 2014.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

St. Bernard Parish Library Chalmette, Louisiana

For the year ended December 31, 2014

Section I - Summary of Auditor's Results

a) Financial Statements

Type of report issued on the financial statements: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

b) Federal Awards

Internal controls over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs: unmodified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 ☐ Yes ☒ No

Section I - Summary of Auditor's Results (Continued)**c) Identification of Major Programs:**

<u>CFDA Number</u>	<u>Name of Federal Program</u>
97.036	Security Department and Emergency Preparedness - Disaster Grants - Public Assistance Grant Hurricane Katrina

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? X Yes No

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements****Internal Control Over Financial Reporting**

No material weaknesses were noted during the audit of the financial statements for the year ended December 31, 2014.

No significant deficiencies were noted during the audit of the financial statements for the year ended December 31, 2014.

Compliance and Other Matters

There was no compliance findings material to the financial statements reported during the audit for the year ended December 31, 2014.

Section III - Federal Award Findings and Questioned Costs**Internal Control and Compliance Material to Federal Awards**

There were no findings or questioned costs reported during the audit of the financial statements for the year ended December 31, 2014 related to internal control and compliance material to federal awards.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND
QUESTIONED COSTS

St. Bernard Parish Library
Chalmette, Louisiana

For the year ended December 31, 2014

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements**

Internal Control Over Financial Reporting

No material weaknesses were noted during the audit of the financial statements for the year ended December 31, 2013.

No significant deficiencies were noted during the audit of the financial statements for the year ended December 31, 2013.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended December 31, 2013.

Section II - Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs reported during the audit of the financial statements for the year ended December 31, 2013 related to internal control and compliance material to federal awards.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2013.

MANAGEMENT'S CORRECTIVE ACTION PLAN

St. Bernard Parish Library
Chalmette, Louisiana

For the year ended December 31, 2014

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were noted during the audit of the financial statements for the fiscal year ended December 31, 2014.

No significant deficiencies were noted during the audit of the financial statements for the fiscal year ended December 31, 2014.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the fiscal year ended December 31, 2014.

Section II - Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs reported during the audit of the financial statements for the year ended December 31, 2014, related to internal control and compliance material to federal awards.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2014.